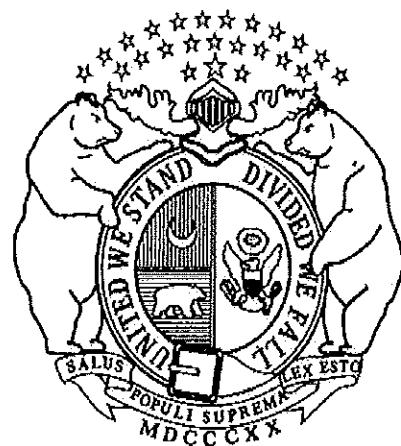


2010

ANNUAL REPORT



**MISSOURI AGRICULTURAL
AND
SMALL BUSINESS
DEVELOPMENT AUTHORITY**

**ANNUAL REPORT
OF THE
MISSOURI AGRICULTURAL AND
SMALL BUSINESS DEVELOPMENT AUTHORITY**

EXECUTIVE SUMMARY

The Missouri Agricultural and Small Business Development Authority (MASBDA) was created by the Missouri General Assembly in 1981 as an independent political and corporate body of the state of Missouri (RSMo 348). Its purpose is to promote the development of agriculture and small business and to reduce, control, and prevent environmental damage in Missouri by providing additional sources of financing at interest rates that are below conventional rates. The authority accomplishes this by issuing agricultural development bonds, tax-exempt small issue bonds, guarantees on loans to livestock producers and direct loans for animal waste treatment systems. Additionally, the authority administers a grant program and tax credit programs related to new generation cooperatives and value-added agricultural projects, breeding livestock, and increased beef production.

MASBDA is governed by a bipartisan commission whose seven members are appointed by the governor with the consent of the Senate. The director of the Department of Agriculture also serves as an ex-officio member. Members serve a five-year term or until a reappointment is made. Members may be reappointed, but can serve no more than two consecutive full terms. No more than four members may be of the same political party. Commission members approve all bond issues, loans, loan guarantees, grants, and tax credits. Business is conducted through monthly board meetings or conference calls. Special meetings are held as needed.

The commissioners elect their own officers and have the authority to appoint staff. Brooks Hurst serves as chairman, and Kelly Forck as vice-chairman, and Tony Stafford is currently serving as secretary and executive director.

PROGRAM SUMMARY

Following is a description of activities for the various programs offered by the authority.

Beginning Farmer Loan Program

Beginning farmers can receive loans from commercial lenders on an average of 20 to 30 percent below conventional rates through this program. The reduced rates are made possible by tax-exempt bonds issued by MASBDA and sold to commercial lenders. Lenders, in turn, pass the savings derived from the tax-exempt bonds to beginning farmers in the form of lower interest rates. Bonds issued by the authority, including those used to fund beginning farmer loans, do not constitute a debt, liability or obligation of the state or of any political subdivision, but are payable solely from the authority's revenues or assets. The State of Missouri is not obligated to pay debt service on any bonds issued, and neither the faith and credit nor the taxing power of the State of Missouri is pledged to the payment of principal, redemption premium and interest on the bonds or other financing instruments. A qualified beginning farmer can borrow up to \$470,100 to buy agricultural land, farm buildings, farm equipment and breeding livestock. More than \$35 million in beginning farmer loans have been approved by MASBDA since its inception. During this past year, \$1,729,730 in tax-exempt bonds was issued.

Animal Waste Treatment System Loan Program

Livestock producers are able to secure direct loans from MASBDA for animal waste treatment systems. Loans can be made for up to 10 years at fixed interest rates that are below conventional interest rates (currently at 5.9%). Loan proceeds may generally be used for financing waste facilities and equipment as approved by the Department of Natural Resources. A total of \$10 million has been set aside for the Animal Waste Treatment System Loan Program. Loans for \$602,405 were made in this fiscal year.

Single-Purpose Animal Facilities Loan Guarantee Program

The Single-Purpose Animal Facilities Loan Guarantee Program is designed to provide banks and other lenders with a 50 percent first-loss guarantee on loans of up to \$250,000 for up to 10 years. Independent livestock producers may use the loans to finance, refinance or restructure breeding or feeder livestock, earthworms, land, buildings, facilities, equipment, machinery and animal waste systems for producing poultry, swine, beef and dairy cattle or other livestock. Borrowers who qualify for the guaranteed livestock loan may also qualify for a reduced interest loan through the Missouri Linked Deposit Program administered by the state treasurer's office. Two loans totaling \$495,000 were guaranteed this fiscal year on projects totaling \$495,000.

Missouri Value-Added Grant Program

The further processing of Missouri's agricultural products holds hope for the sustainability and profitability of many of Missouri's farmers. The Missouri Value-Added Grant Program is intended to help producers fund feasibility studies, business plans, marketing plans and similar activities for projects that add value to agricultural products and will positively impact a rural Missouri community.

Ten grants were awarded this fiscal year totaling \$1,151,965.

Missouri Value-Added Loan Guarantee Program

Modeled after the Single-Purpose Animal Facilities Loan Guarantee Program, the Missouri Value-Added Loan Guarantee Program provides up to a 50% first-loss guarantee on loans not to exceed \$250,000 that lenders make for the purpose of an agricultural business development loan. The maximum guarantee is 10 years.

The program is intended to create new economic activity by creating or retaining jobs. Loans guaranteed by the value-added loan guarantee program can be used to finance agricultural property, which includes land, buildings, structures, improvements, and equipment used for the purpose of processing, manufacturing, marketing, exporting or adding value to an agricultural product. Loans may also be guaranteed to buy stock in a start-up cooperative that processes an agricultural product. Borrowers qualifying for a guarantee through the Missouri Value-Added Loan Guarantee Program may also qualify for a reduced interest loan through the Missouri Linked Deposit Program administered by the state treasurer's office. Two loans totaling \$268,000 were guaranteed this fiscal year on projects totaling \$433,000.

New Generation Cooperative Incentive Tax Credit

The purpose of this new tax credit is to induce private investment in new generation cooperatives, which will process Missouri agricultural commodities and agricultural products into value-added goods, provide substantial benefit to Missouri's agricultural producers, and create jobs for Missourians.

Members investing in an eligible new generation cooperative may receive state tax credits equal to the lesser of 50% of the member's cash investment in the new generation cooperative, or \$15,000; members investing in a project may not receive tax credits totaling more than \$1,500,000. Except that members investing in an "Employee Qualified" project may not receive tax credits totaling more than \$3,000,000. In fiscal year 2010, 516 producer members investing \$7,485,969.53 in eligible new generation cooperatives received \$2,563,644.40 in New Generation Cooperative Incentive Tax Credits.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax); and Chapter 148 (financial institution tax). The tax credits may be used by their owner to offset eligible quarterly tax liabilities. Credits may be carried back to satisfy the state tax liability that was due during each of the three previous taxable years, and may be carried forward to any of the subsequent five tax years after the investment is made. The tax credits may be transferred, sold, or assigned. Delinquent taxes, or interest and penalties on such taxes will be deducted from the eligible tax credit amount prior to issuance.

Agricultural Product Utilization Contributor Tax Credit

The authority may provide Agricultural Product Utilization Contributor Tax Credits to a person, partnership, corporation, trust, limited liability company, or other entity who contributes cash to the authority. The contribution will be used for financial or technical assistance to rural agricultural business concepts as approved by the authority. These tax credits are awarded at the approval of the authority based on the least amount of credits necessary to provide incentive for the contributions.

The contributor receiving a tax credit cannot be a member, owner, investor, or lender of an eligible new generation cooperative that receives financial assistance from the authority at the time the contribution is made or an eligible new generation cooperative that receives financial assistance for a period of two years after the contribution is made.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax); and Chapter 148 (financial institution tax). The tax credits may be used by their owner to offset eligible quarterly tax liabilities. Credits may be carried back three taxable years and forward for up to five years. Credits may be assigned, transferred or sold. This fiscal year \$1,310,529.46 in contributions were received with tax credits being issued in the amount of \$1,307,479.46

Missouri Rural Economic Stimulus Act “MoRESA”

The Missouri Downtown and Rural Economic Stimulus Act provides a State Rural Development Financing Program that permits municipalities with qualifying projects to request that specified net new state tax revenues be used to supplement local revenues for payment of development project costs. The revenues available under that State Rural Development Financing Program are required to be used; to supplement payments in lieu of taxes, economic activity taxes, and other local funds committed by the municipality.

Eligible Facility Borrower Program

This program determines eligibility for the Missouri Linked Deposit Program as an “Eligible facility borrower”, which is either a development facility or renewal fuel production facility borrower consisting of not less than twelve producer members in which producer members:

1. Hold a majority of the governance or voting rights of the entity and any governing committees;
2. Control the hiring and firing of management; and
3. Deliver agricultural commodities or products to the entity for processing, unless processing is required by multiple entities;

Family Farm Breeding Livestock Loan Program

The program provides Missouri tax credits to lenders in lieu of the first year interest being paid on breeding livestock loans made to “small farmers” who are Missouri residents and who have less than \$250,000 in gross agricultural product sales per year.

Maximum eligible loan cannot exceed 90% of the cost of purchasing breeding livestock. Each small farmer shall be eligible for only one family farm livestock loan per immediate household family and only one type of livestock. Thirty-eight farmers have taken advantage of this program this fiscal year, with a total of \$67,917.29 in tax credits being issued.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax); and Chapter 148 (financial institution tax). The tax credits may be used by their owner to offset eligible quarterly tax liabilities. Credits may be carried forward for up to three years. Credits may be assigned, transferred or sold.

Qualified Beef Tax Credit Program

The program provides an incentive for Missouri Farmers to background and/or finish cattle in the state by providing a 10¢ per pound tax credit for each pound cattle gain past an established baseline weight, with a minimum gain of an additional 200 lbs each. All cattle must be born and raised in the state of Missouri to receive the tax credit.

Tax credits may be claimed against state tax liability pursuant to Chapter 143 (income tax, except for sections 143.191 to 143.265, RSMo); Chapter 147 (corporation franchise tax). Credits may be carried back three taxable years and forward for up to five years. Credits may be assigned, transferred or sold. Five tax credits were issued totaling \$43,027.60

Dairy Business Planning Grant

This program provides Missouri dairies an opportunity to expand by providing business planning grants to aid them in determining the feasibility of the planned expansion. The grants provide up to 90% of the cost of the business plan, and the maximum grant is \$5,000. This program has not been funded.

Dairy Cow Loan Program

The goal of the Dairy Cow Loan Program is to facilitate the expansion of Missouri dairy operations by paying the first year's interest on any Missouri linked deposit loans made for the purchase of dairy cows or other replacement dairy females. This program has not been funded.

Livestock Feed and Crop Input Loan Guarantee Program

This program provides a 50% first loss guarantee on loans made for livestock feed or crop inputs used to produce livestock feed thus encouraging lenders to continue to make loans to farmers for livestock feed and feed crops on competitive terms. This program has not been funded.

Board of Commissioners

Brooks Hurst, Chairman
Tarkio, Missouri
Term expires: June 30, 2010

Kelly Forck, Vice-Chairman
Jefferson City, Missouri
Term expires: June 30, 2011

Gordon V. Spilker, Member
Hannibal, Missouri
Term expires: June 30, 2009

Sherry S. Jones, Member
Dawn, Missouri
Term expires: June 30, 2011

Rosanne Hayes, Member
Monroe City, Missouri
Term expires: June 30, 2010

Steven Martin, Member
Portageville, Missouri
Term expires: June 30, 2014

Phil Howerton, Member
Chilhowee, Missouri
Term expires: June 30, 2008

Dr. Jon Hagler, Ex-Officio Member
Jefferson City, Missouri
Statutory member

Staff

Tony Stafford, Secretary
Executive Director

Emma Benne
Program Manager

Jamie Rogers
Agricultural Loan Officer

Marla Young
Planner

Stan Cook
Agricultural Loan Officer

Wanda Ferrell
Senior Office Support Assistant

Amy L. Steinman
Accountant

BEGINNING FARMER LOAN PROGRAM

Tax-exempt Bond Financing

July 1, 2009 - June 30, 2010

Project Number	Loan Amount	Issue Date	Maturity Date	County
332	\$49,880.00	7/17/2009	7/17/2039	St. Clair
333	\$441,000.00	12/4/2009	12/4/2039	St. Clair
334	\$117,750.00	11/6/2009	12/31/2009	Carroll
335	\$469,200.00	2/8/2010	12/31/2010	Knox
338	\$161,500.00	2/24/2010	3/1/1940	St. Clair
339	\$391,680.00	2/26/2010	11/1/2034	Monroe
340	\$48,720.00	3/12/2010	3/12/2030	Worth
341	\$50,000.00	6/1/2010	6/1/2016	St. Clair
Total:		\$1,729,730.00		

Beginning Farmer Loan Program

**Number of Loans & Dollar Amount
Commencement to June 30, 2010**



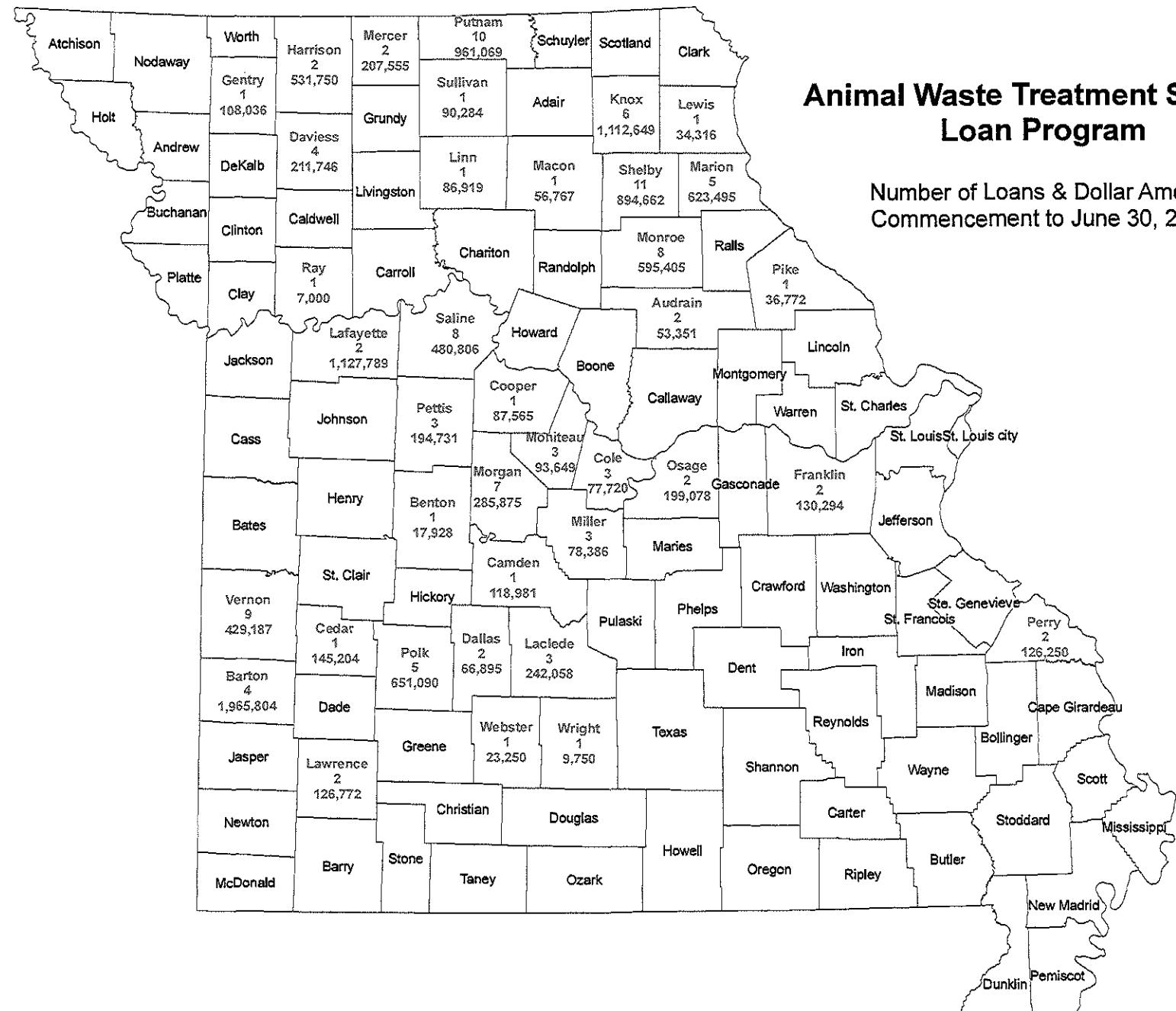
ANIMAL WASTE TREATMENT SYSTEM LOAN PROGRAM

July 1, 2009 - June 30, 2010

Loan Number	Loan Amount	Origination Date	Maturity Date	County
145	\$224,665.16	12/17/2009	12/17/2019	Scotland
150	\$296,940.00	6/7/2010	6/4/2017	Marion
153	\$80,800.00	6/15/2010	6/15/2017	Perry
Total:	\$602,405.16			

Animal Waste Treatment System Loan Program

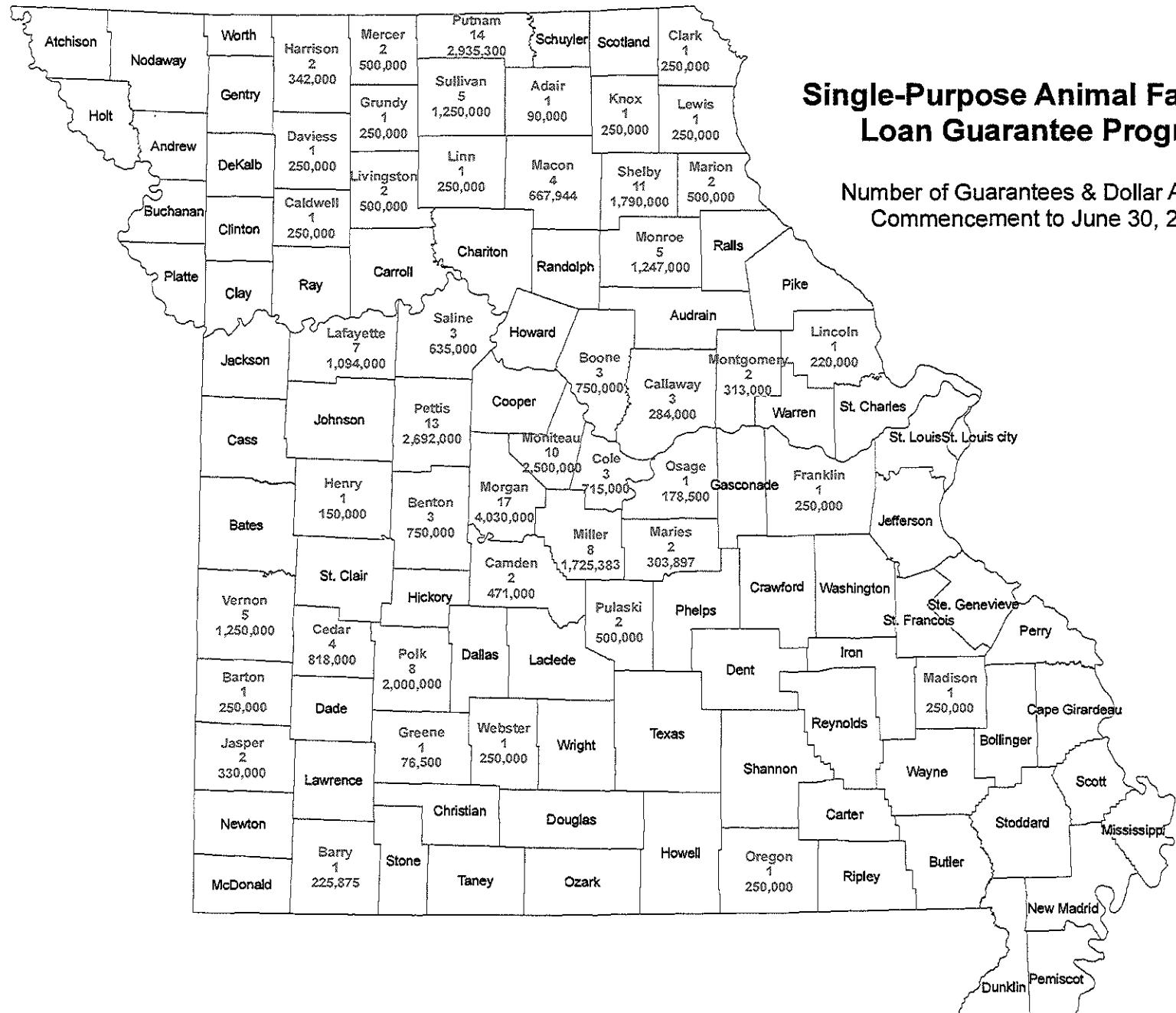
Number of Loans & Dollar Amount
Commencement to June 30, 2010



SINGLE-PURPOSE ANIMAL FACILITIES LOAN GUARANTEE PROGRAM

July 1, 2009 - June 30, 2010

Guarantee Number	Total Project Cost	Eligible Loan Amount	Guarantee Amount	Issue Date	Maturity Date	County
181	\$245,000.00	\$245,000.00	\$122,500.00	December 14 2009	12/14/2019	Putnam
182	\$250,000.00	\$250,000.00	\$125,000.00	January 15 2010	1/15/2017	Jasper
Total:	\$495,000.00	\$495,000.00	\$247,500.00			



Missouri Value-Added Grant Program

July 1, 2009 - June 30, 2010

Project Number	Grant Amount	Date Grant Awarded	County of Project
10 - 386	\$10,000.00	6/1/2010	Texas
10 - 387	\$159,500.00	7/19/2010	Stoddard
10 - 388	\$105,270.00	5/28/2010	Shelby
10 - 391	\$198,000.00	6/24/2010	Atchison
10 - 393	\$33,000.00	5/18/2010	Wayne
10 - 395	\$27,500.00	6/15/2010	Audrain
10 - 397	\$199,375.00	6/30/2010	Boone
10 - 398	\$93,500.00	7/28/2010	Boone
10 - 399	\$143,000.00	6/30/2010	Pettis
10 - 400	\$115,500.00	6/24/2010	Cass
10 - 401	\$67,320.00	6/24/2010	Gasconade
Total:	\$1,151,965.00		

Missouri Value-Added Grant Program

Number of Grants & Dollar Amount
Commencement to June 30, 2010



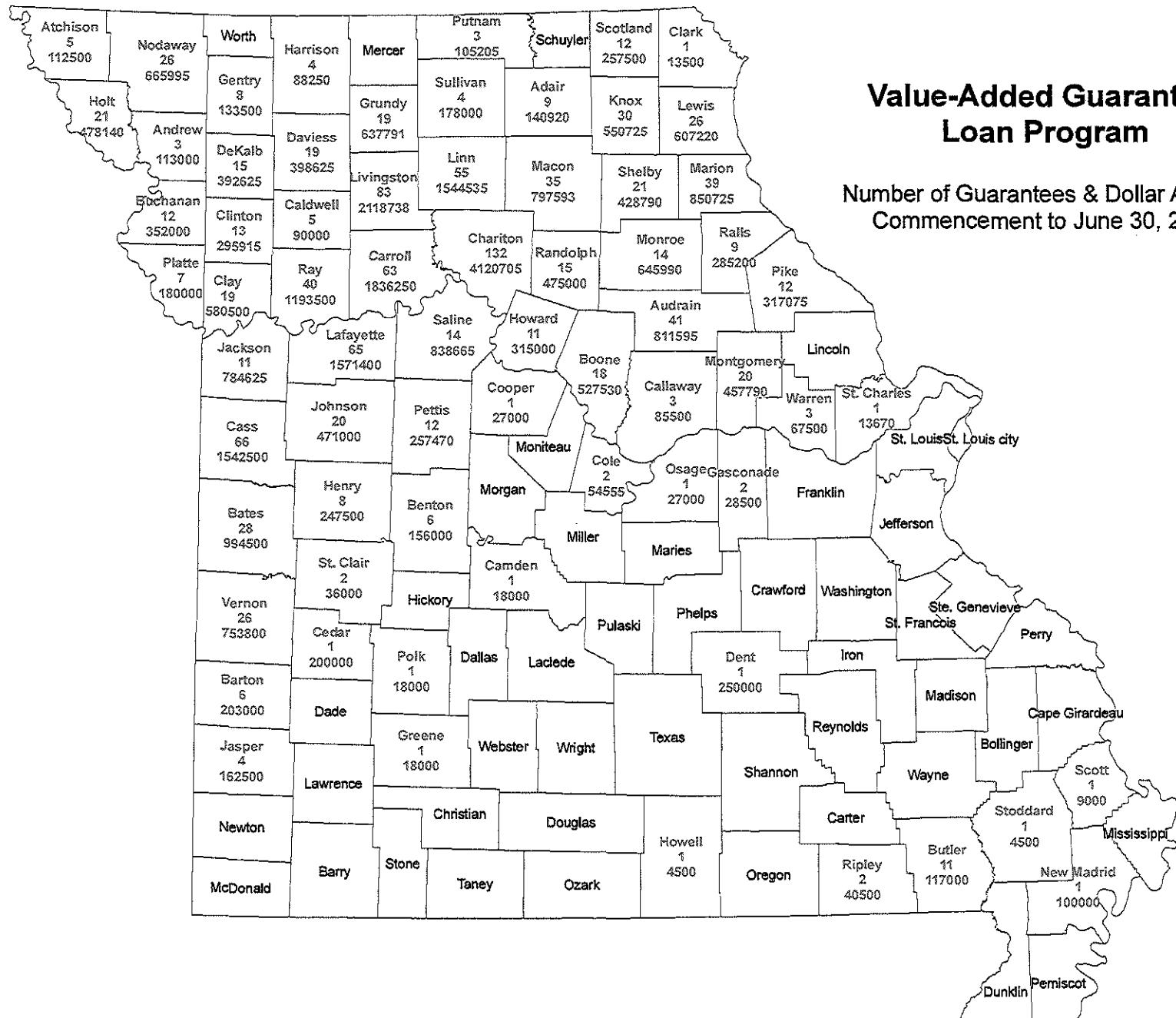
MISSOURI VALUE-ADDED LOAN GUARANTEE PROGRAM

July 1, 2009 - June 30, 2010

Guarantee Number	Project Cost	Loan Amount	Guarantee Amount	Issue Date		Maturity Date	County
1508	\$20,000.00	\$18,000.00	\$9,000.00	August 28	2009	8/28/2012	Macon
1510	\$413,000.00	\$250,000.00	\$125,000.00	March 23	2010	3/23/2020	Monroe
Totals	\$433,000.00	\$268,000.00	\$134,000.00				

Value-Added Guarantee Loan Program

Number of Guarantees & Dollar Amount
Commencement to June 30, 2010

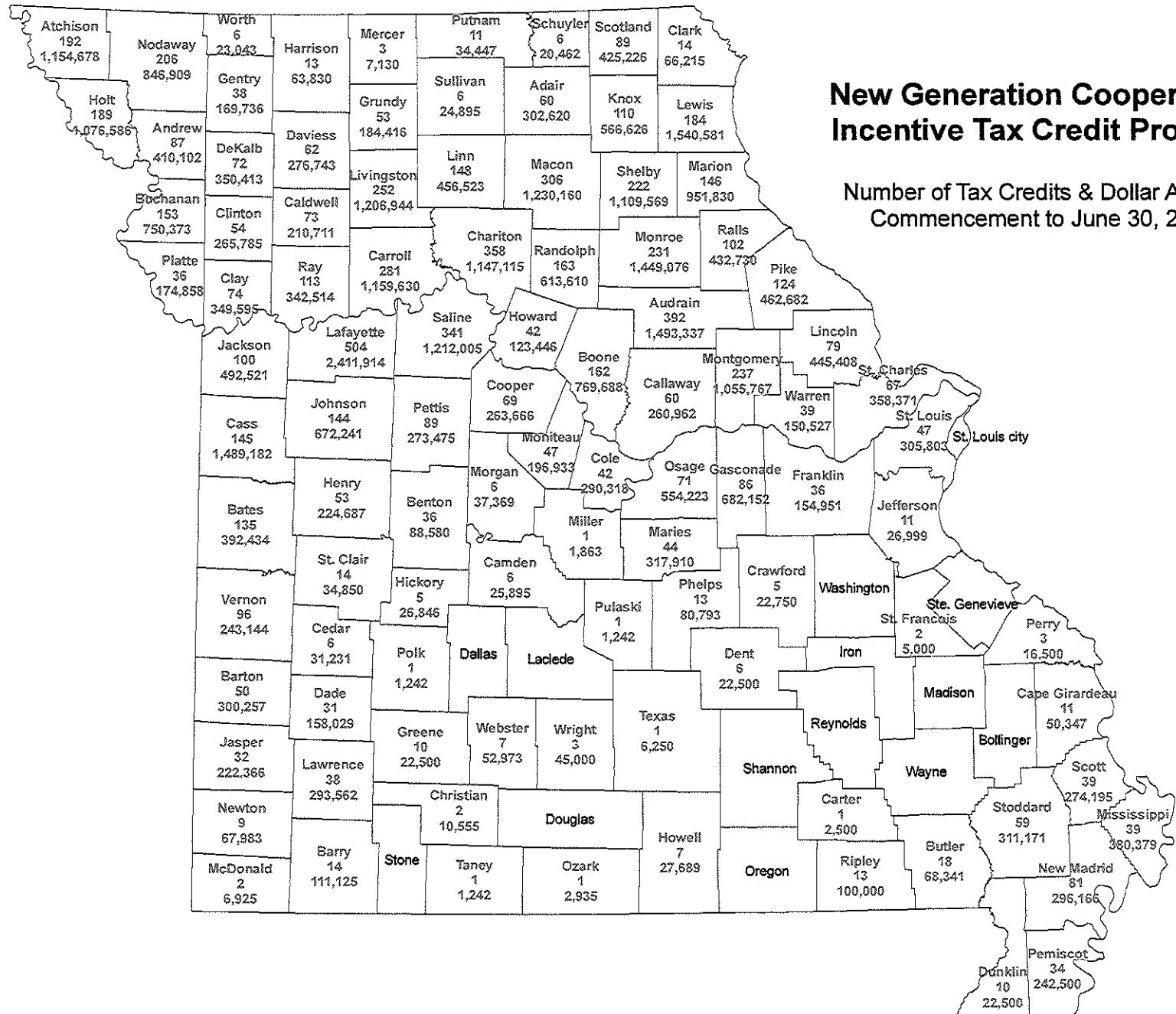


NEW GENERATION COOPERATIVE INCENTIVE TAX CREDIT PROGRAM

July 1, 2009 - June 30, 2010

Number of Tax Credit(s)	Total Tax Credit(s) Amount	County
8	\$10,802.19	Adair
6	\$31,250.00	Andrew
11	\$71,578.13	Atchison
12	\$18,109.55	Audrain
11	\$88,625.00	Barry
13	\$19,911.59	Boone
8	\$33,156.27	Buchanan
2	\$3,812.54	Callaway
1	\$953.13	Camden
2	\$6,250.00	Cass
7	\$10,484.48	Chariton
2	\$25,125.00	Clay
2	\$30,000.00	Clinton
2	\$2,223.98	Cole
1	\$953.13	Cooper
3	\$24,375.00	DeKalb
2	\$16,500.00	Franklin
22	\$197,890.85	Gasconade
3	\$14,406.27	Gentry
1	\$5,125.00	Greene
10	\$50,000.00	Holt
10	\$10,802.19	Howard
3	\$9,109.40	Jackson
1	\$5,125.00	Jasper
2	\$2,541.69	Jefferson
9	\$14,297.01	Knox
25	\$209,875.00	Lawrence
2	\$2,859.40	Lincoln
12	\$15,708.46	Linn
6	\$55,000.00	Livingston
57	\$92,839.29	Macon
10	\$56,046.95	Maries
11	\$15,250.15	Marion
12	\$15,567.86	Monroe
4	\$4,765.67	Montgomery
7	\$65,500.00	Newton
15	\$57,000.07	Nodaway
1	\$1,250.00	Osage
4	\$36,296.95	Phelps
1	\$953.13	Pike
2	\$18,750.00	Platte
2	\$2,859.40	Ralls

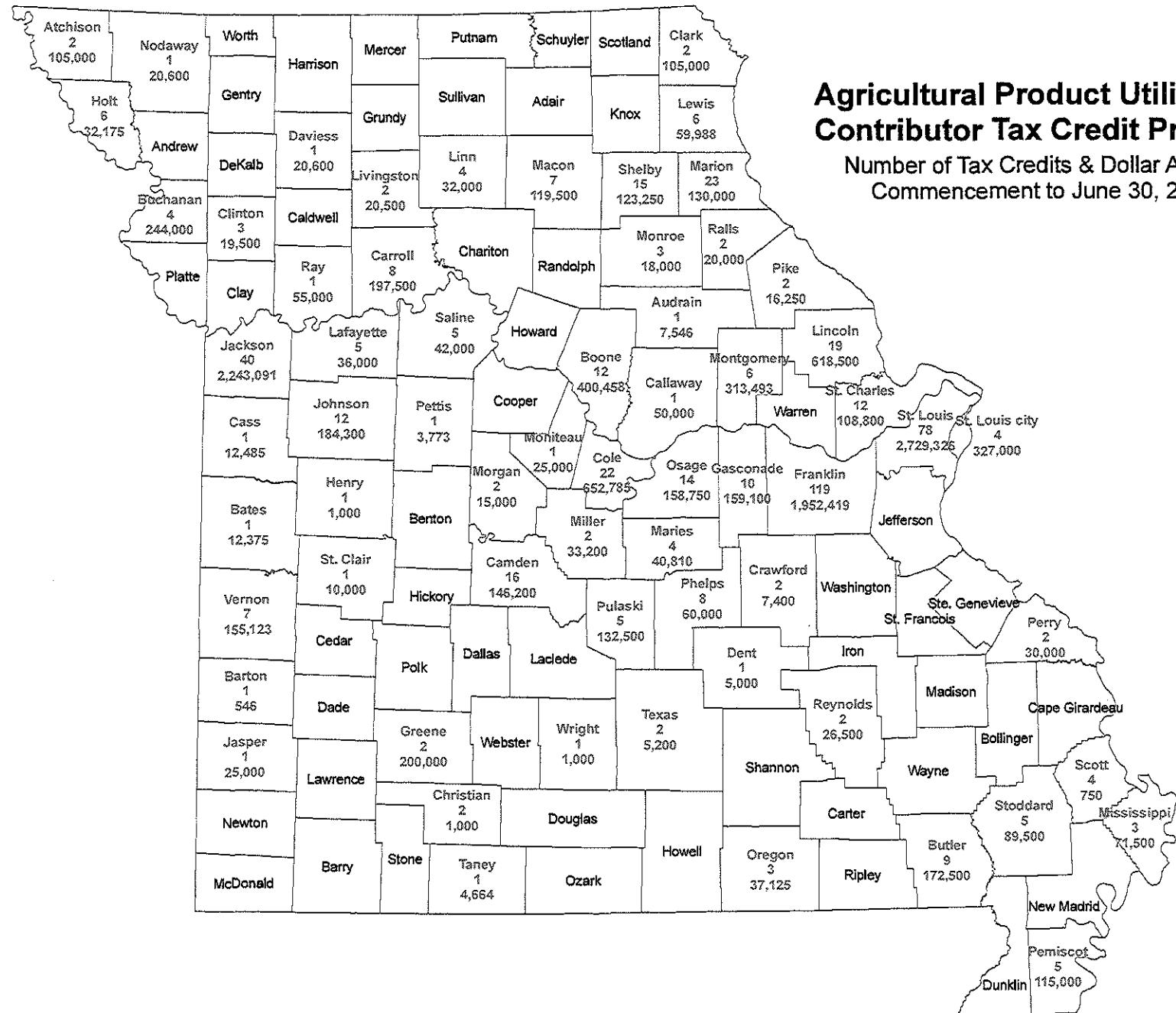
Number of Tax Credit(s)	Total Tax Credit(s) Amount	County
34	\$47,021.29	Randolph
6	\$7,942.78	Saline
1	\$3,125.00	Scotland
39	\$56,234.92	Shelby
4	\$4,765.67	St Louis
107	\$1,090,625.00	Out-Of-State
Total Tax Credits Issued:		\$2,563,644.40



AGRICULTURAL PRODUCT UTILIZATION CONTRIBUTOR TAX CREDIT PROGRAM

July 1, 2009 - June 30, 2010

Number of Tax Credit(s)	Total Amount of Contribution(s)	Total Tax Credit Amount(s)	County
2	\$105,000.00	\$105,000.00	Atchison
5	\$171,050.00	\$169,250.00	Boone
2	\$16,000.00	\$15,400.00	Camden
1	\$500.00	\$500.00	Christian
5	\$150,500.00	\$150,000.00	Cole
14	\$222,982.60	\$222,982.60	Franklin
1	\$7,000.00	\$7,000.00	Jackson
1	\$3,000.00	\$3,000.00	Macon
1	\$15,150.00	\$15,000.00	Miller
1	\$3,200.00	\$3,200.00	Montgomery
1	\$10,000.00	\$10,000.00	Pemiscot
1	\$40,000.00	\$40,000.00	Phelps
2	\$26,500.00	\$26,500.00	Reynolds
1	\$7,000.00	\$7,000.00	Shelby
4	\$25,800.00	\$25,800.00	St Charles
7	\$381,846.86	\$381,846.86	St Louis
3	\$75,000.00	\$75,000.00	Stoddard
1	\$50,000.00	\$50,000.00	Out-Of-State
Totals:		\$1,310,529.46	\$1,307,479.46



MISSOURI RURAL ECONOMIC STIMULUS ACT “MoRESA”

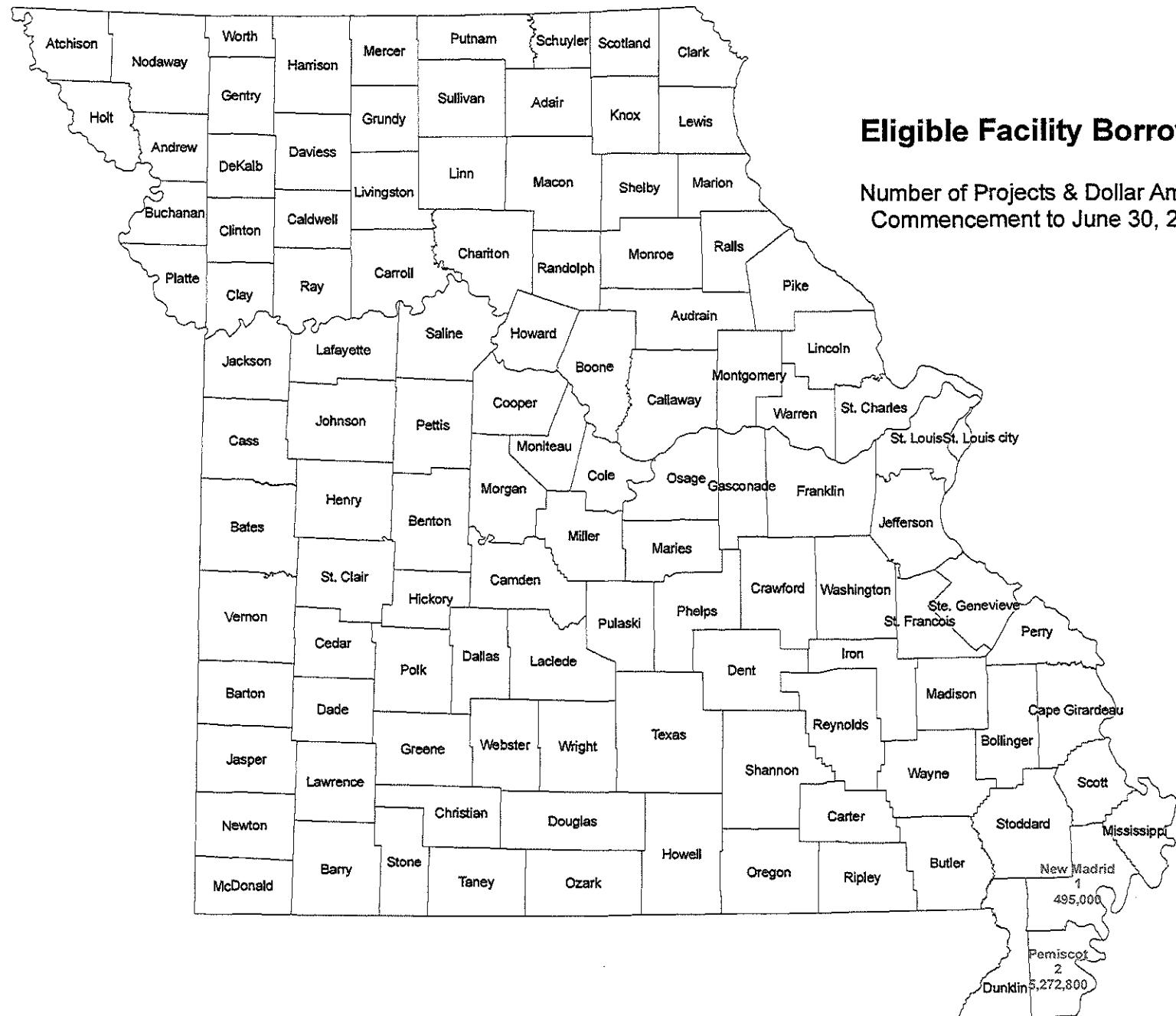
July 1, 2009 – June 30, 2010

Project Number	Supplement Amount	County
Total:	\$0.00	

ELIGIBLE FACILITY BORROWER PROGRAM

July 1, 2009 – June 30, 2010

Project Number	Loan Amount	County
Total:	\$0.00	



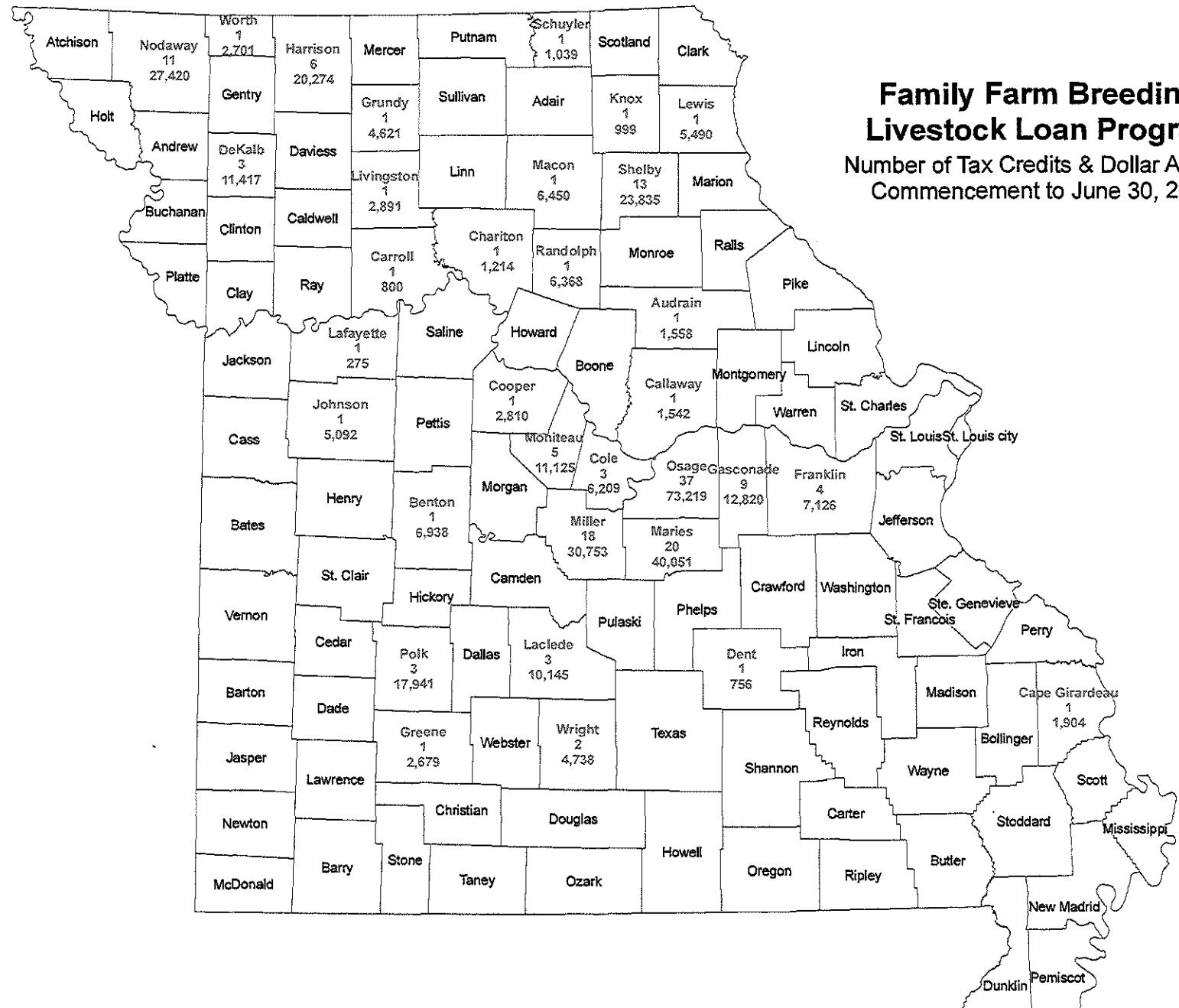
Eligible Facility Borrower

**Number of Projects & Dollar Amount
Commencement to June 30, 2010**

FAMILY FARM BREEDING LIVESTOCK LOAN PROGRAM

July 1, 2009 - June 30, 2010

Number of Tax Credit(s)	Total Tax Credit(s) Amount	County
1	\$1,214.20	Chariton
2	\$2,741.74	Cole
1	\$442.73	Franklin
3	\$4,481.75	Gasconade
1	\$1,150.75	Laclede
4	\$4,692.32	Maries
6	\$12,437.95	Miller
1	\$2,960.28	Moniteau
5	\$13,454.20	Nodaway
12	\$19,602.88	Osage
2	\$4,738.49	Wright
Total Tax Credits Issued:		\$67,917.29



QUALIFIED BEEF TAX CREDIT PROGRAM

July 1, 2009 - June 30, 2010

Number of Tax Credit(s)	Total Tax Credit(s) Amount	County
1	\$385.40	Cass
1	\$448.63	DeKalb
2	\$3,076.06	Greene
1	\$39,117.51	Randolph
Total Tax Credits Issued:		\$43,027.60

Qualified Beef Tax Credit Program

Number of Tax Credits & Dollar Amount
Commencement to June 30, 2010

